

178537

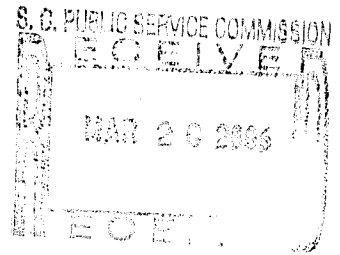
Patricia Banks Morrison S.A.  
Senior Counsel

tmorrison@scana.com



RECEIVED

MAR 21 2006

PSC SC  
DOCKETING DEPT.

March 17, 2006

Mr. Charles L. A. Terreni  
Chief Clerk and Administrator  
Public Service Commission of SC  
100 Executive Center, Suite 100  
Columbia, South Carolina 29210

Mr. C. Dukes Scott  
Executive Director  
Office of Regulatory Staff  
1441 Main Street, Suite 300  
Columbia, SC 29201

**Re:** SCE&G's March 2006 Adjustment to its Gas Cost Factor  
Order No. 2005-653 and Order No. 2006-99

Dear Mr. Terreni and Mr. Scott:

2005-5-G

By Order No. 2005-653, dated November 8, 2005, and Order No. 2006-99, dated February 14, 2006, the Public Service Commission of South Carolina (the "Commission") authorized South Carolina Electric & Gas Company ("SCE&G" or the "Company") to adjust its cost of gas factor on a monthly basis according to the procedure and methodology outlined in Paragraph 6 of the Settlement Agreement which was incorporated into Order No. 2005-653 and adopted by Order No. 2006-99. With certain limitations, SCE&G is authorized to make monthly adjustments in the cost of gas factor, so long as there is a material variance between the forecast on which the factors was set and the updated forecast of over- or under-collection for the current month. By letter dated February 6, 2006, SCE&G requested the Commission amend Order No. 2005-653 to allow it to implement cost-of-gas factors below the Firm Commodity Benchmark of \$1.14135 per therm while an under-collection remains. This request reflected the Company's desire to recognize recent reductions in the prices charged for natural gas supplies in the natural gas markets. The Commission approved the Company's request in Order No. 2006-99.

In accordance with the above-referenced orders, SCE&G hereby informs the Commission that it is prepared to pass through a commodity cost-of-gas factor below the Firm Commodity Benchmark of \$1.14135 and consistent with the cost-of-gas factor approved by the Commission for the preceding month in Order No. 2006-99. This cost of gas factor will be implemented for the eighth billing cycle of March 2006. Attached to this letter is a revised forecast of the under-collection of gas costs for the period ending October 31, 2006.

Letter to Charles Terreni  
March 17, 2006

SCE&G hereby informs the Commission and the Office of Regulatory Staff that beginning with the eighth billing cycle of March 2006, SCE&G's cost of gas factor shall remain as follows:

<b>Customer Class</b>	<b>Cost of Gas Factor</b>
Residential	\$1.22695
Small General Service/ Medium General Service	\$1.15184
Large General Service	\$1.12789

As required by the Settlement Agreement, the cost of gas factor set forth here will remain in effect for bills through the seventh billing cycle of April unless changed by an adjustment at that time.

Please allow this letter to replace my correspondence of March 16, 2006 as it contained clerical errors. Thank you in advance for your consideration. Please contact me if you have any questions.

With kind regards,



Patricia Banks Morrison

**SOUTH CAROLINA ELECTRIC AND GAS COMPANY  
OVER/UNDER COLLECTION**

	COMMODITY COST PER THERM (COL. 1)	BILLING COMMODITY COST PER THERM (COL. 2)	DIFFERENCE (COL. 3) (1-2)	FIRM SALES THERMS (COL. 4)	COMMODITY (OVER)UNDER COLLECTION (COL. 5) (3x4)	DEMAND (OVER)UNDER COLLECTION (COL. 6)	PRIOR MONTH ADJUSTMENTS (COL. 7)	TOTAL MONTHLY (OVER)UNDER COLLECTION (COL. 8) (5+6+7)	CUMULATIVE (OVER)UNDER COLLECTION (COL. 9)
<b>BEGINNING BALANCE ---</b>									
NOV 05	Actual	\$1.75007	\$1.14135	15,595,902	\$9,493,663	\$795,639	\$0	\$10,289,302	\$16,997,496
DEC 05	Actual	\$1.51908	\$1.14135	7,933,070	\$2,996,596				
DEC 05	Actual	\$1.51908	\$1.20565	<u>22,699,531</u>	<u>\$7,114,821</u>	<u>(\$725,333)</u>	\$183,996	\$9,570,079	\$36,856,877
				30,632,601	\$10,111,417				
JAN 06	Actual	\$1.04427	\$1.20565	13,740,442	<u>(\$2,217,400)</u>				
JAN 06	Actual	\$1.04427	\$1.14135	20,128,127	<u>(\$1,953,990)</u>	<u>(\$1,948,334)</u>	\$32,347	<u>(\$6,087,377)</u>	\$30,769,500
				33,868,569	<u>(\$4,171,390)</u>				
FEB 06	Actual	\$0.99706	\$1.14135	9,945,301	<u>(\$1,435,053)</u>				
FEB 06	Actual	\$0.99706	\$1.07101	20,697,878	<u>(\$1,530,703)</u>	<u>(\$1,376,136)</u>	\$320,474	<u>(\$4,021,418)</u>	\$26,748,082
				30,643,179	<u>(\$2,965,757)</u>				
MAR 06	Projected	\$0.87637	\$1.07101	25,398,200	<u>(\$4,943,506)</u>	<u>(\$1,344,475)</u>	\$0	<u>(\$6,287,981)</u>	\$20,460,101
APR 06	Projected	\$0.83186	\$1.07101	16,383,800	<u>(\$3,918,186)</u>	<u>\$144,102</u>	\$0	<u>(\$3,774,084)</u>	\$16,686,017
MAY 06	Projected	\$0.89585	\$1.07101	10,064,000	<u>(\$1,762,810)</u>	<u>\$1,206,955</u>	\$0	<u>(\$555,855)</u>	\$16,130,162
JUN 06	Projected	\$0.93965	\$1.07101	7,791,000	<u>(\$1,023,426)</u>	<u>\$1,533,757</u>	\$0	<u>\$510,331</u>	\$16,640,493
JUL 06	Projected	\$0.98414	\$1.07101	7,145,000	<u>(\$620,686)</u>	<u>\$1,633,880</u>	\$0	<u>\$1,013,194</u>	\$17,653,687
AUG 06	Projected	\$0.81425	\$1.07101	7,118,000	<u>(\$1,827,618)</u>	<u>\$1,592,952</u>	\$0	<u>(\$234,666)</u>	\$17,419,022
SEP 06	Projected	\$1.01697	\$1.07101	7,096,000	<u>(\$383,468)</u>	<u>\$1,597,605</u>	\$0	<u>\$1,214,137</u>	\$18,633,159
OCT 06	Projected	\$1.06810	\$1.07101	8,584,000	<u>(\$24,979)</u>	<u>\$1,359,498</u>	\$0	<u>\$1,334,519</u>	\$19,967,677